

DATE SUBMITTED

01-29-09

COUNCIL ACTION (x)

SUBMITTED BY

Finance Director

PUBLIC HEARING REQUIRED ( )

RESOLUTION ( )

ORDINANCE 1<sup>ST</sup> READING ( )

ORDINANCE 2<sup>ND</sup> READING ( )

CITY CLERK'S INITIALS ( )

DATE ACTION REQUIRED

02-04-09

## IMPERIAL CITY COUNCIL AGENDA ITEM

SUBJECT: DISCUSSION/ACTION – ACCEPTANCE OF FISCAL YEAR 05/06 AND 06/07 TRANSPORTATION DEVELOPMENT ACT FUNDS (TDA) AUDITS.

1. ACCEPTANCE OF FY 05/06 & FY 06/07 TDA AUDITS.

BACKGROUND/SUMMARY: Financial statements have been received and distributed for review.

FISCAL IMPACT:

STAFF RECOMMENDATION:

Acceptance of the audits as presented.

MANAGER'S RECOMMENDATION:

MANAGER'S INITIALS \_\_\_\_\_

MOTION:

SECONDED:

AYES:

NAYES:

ABSENT:

APPROVED ( )

DISAPPROVED ( )

REJECTED ( )

DEFERRED ( )

REFERRED TO:

**City of Imperial  
Transportation Development Act Funds  
Financial Statements  
June 30, 2006**

**City of Imperial**  
**Transportation Development Act Funds**

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June 30, 2006

**Local Transportation Fund – Non-Transit**

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**Local Transportation Fund**

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**City of Imperial**  
**Local Transportation Fund -- Non-Transit**  
**June 30, 2006**



## MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS:**

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### Independent Auditor's Report

City of Imperial  
Imperial, California

We have audited the financial statements of the Local Transportation Fund – Non-Transit of the City of Imperial as of and for the fiscal year ended June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Local Transportation Fund – Non-Transit of the City of Imperial as of June 30, 2006, and the results of its operations for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was also conducted for the purpose of determining compliance with the Transportation Development Act Section 99400(a), the California Administrative Code, and the rules and regulations of the Imperial Valley Association of Governments. In our audit, we performed to the extent applicable, the tasks contained in Section 6666 of the California Administrative Code.

In our opinion, the funds allocated and received by the Local Transportation Fund – Non-Transit of the City of Imperial were expended and accounted for in conformance with the applicable laws, rules, and regulations of the Transportation Development Act, the California Administrative Code, and the allocation instructions of the Imperial Valley Association of Governments.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Beverly Hills, California  
December 12, 2008

CITY OF IMPERIAL  
LOCAL TRANSPORTATION FUNDS - NON-TRANSIT  
BALANCE SHEET  
June 30, 2006

	Pedestrians and Bicycles Fund Article 3	Local Streets and Roads Fund Article 8(a)	Bus Benches and Shelters Fund Article 8(e)	Total
<b>Assets</b>				
Cash and investments	\$ 45,020	\$ 118,728	\$ 17,652	\$ 181,400
Interest receivable	329	625	133	1,087
Due from other governments	1,716	3,264	693	5,673
<b>Total Assets</b>	<u>\$ 47,065</u>	<u>\$ 122,617</u>	<u>\$ 18,478</u>	<u>\$ 188,160</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>				
<b>Fund Equity</b>				
Unreserved, designated	47,065	122,617	18,478	188,160
<b>Total Fund Equity</b>	<u>47,065</u>	<u>122,617</u>	<u>18,478</u>	<u>188,160</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 47,065</u>	<u>\$ 122,617</u>	<u>\$ 18,478</u>	<u>\$ 188,160</u>

See accompanying notes to financial statements

CITY OF IMPERIAL  
 LOCAL TRANSPORTATION FUNDS - NON-TRANSIT  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 For The Fiscal Year Ended June 30, 2006

	Pedestrians and Bicycles Fund Article 3	Local Streets and Roads Fund Article 8(a)	Bus Benches and Shelters Fund Article 8(e)	Total
Revenues				
Use of money and property	\$ 1,778	\$ 425	\$ 904	\$ 3,107
Intergovernmental - TDA/LTF	19,000	100,472	1,619	121,091
Total Revenues	<u>20,778</u>	<u>100,897</u>	<u>2,523</u>	<u>124,198</u>
Expenditures				
Transportation				
Total Expenditures				
Excess of Revenues Over (Under) Expenditures	<u>20,778</u>	<u>100,897</u>	<u>2,523</u>	<u>124,198</u>
Fund balances, July 1, 2005	38,931	74,045	15,722	128,698
Prior period adjustments	<u>(12,644)</u>	<u>(52,325)</u>	<u>233</u>	<u>(64,736)</u>
Fund balances, July 1, 2005, restated	<u>26,287</u>	<u>21,720</u>	<u>15,955</u>	<u>63,962</u>
Fund balances, June 30, 2006	<u>\$ 47,065</u>	<u>\$ 122,617</u>	<u>\$ 18,478</u>	<u>\$ 188,160</u>

See accompanying notes to financial statements

CITY OF IMPERIAL  
 LOCAL TRANSPORTATION FUNDS - NON-TRANSIT  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - ARTICLE 3  
 For The Fiscal Year Ended June 30, 2006

	Budget	Actual	Variance Positive (Negative)
Revenues			
Use of money and property	\$ -	\$ 1,778	\$ 1,778
Intergovernmental - TDA/LTF	19,000	19,000	
Total Revenues	19,000	20,778	1,778
Expenditures			
Transportation			
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	19,000	20,778	1,778
Fund balance, July 1, 2005	38,931	38,931	
Prior period adjustment		(12,644)	(12,644)
Fund balance, July 1, 2005, restated	38,931	26,287	(12,644)
Fund balance, June 30, 2006	\$ 57,931	\$ 47,065	\$ (10,866)

See accompanying notes to financial statements



CITY OF IMPERIAL  
 LOCAL TRANSPORTATION FUNDS - NON-TRANSIT  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - ARTICLE 8(a)  
 For The Fiscal Year Ended June 30, 2006

	Budget	Actual	Variance Positive (Negative)
Revenues			
Use of money and property	\$ -	\$ 425	\$ 425
Intergovernmental - TDA/LTF	100,472	100,472	
Total Revenues	100,472	100,897	425
Expenditures			
Transportation			
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	100,472	100,897	425
Fund balance, July 1, 2005	74,045	74,045	
Prior period adjustment		(52,325)	(52,325)
Fund balance, July 1, 2005, restated	74,045	21,720	(52,325)
Fund balance, June 30, 2006	\$ 174,517	\$ 122,617	\$ (51,900)

See accompanying notes to financial statements

CITY OF IMPERIAL  
 LOCAL TRANSPORTATION FUNDS - NON-TRANSIT  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - ARTICLE 8(e)  
 For The Fiscal Year Ended June 30, 2006

	Budget	Actual	Variance Positive (Negative)
Revenues			
Use of money and property	\$ -	\$ 904	\$ 904
Intergovernmental - TDA/LTF	1,619	1,619	
Total Revenues	1,619	2,523	904
Expenditures			
Transportation			
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	1,619	2,523	904
Fund balance, July 1, 2005	15,722	15,722	
Prior period adjustment		233	233
Fund balance, July 1, 2005, restated	15,722	15,955	233
Fund balance, June 30, 2006	\$ 17,341	\$ 18,478	\$ 1,137

See accompanying notes to financial statements

**City of Imperial**  
**Local Transportation Funds – Non-Transit**  
**Notes to Financial Statements**  
**June 30, 2006**

**Note 1 – Summary of Significant Accounting Policies**

**Financial Reporting Entity**

The Local Transportation Funds – Non-Transit are special revenue funds of the City of Imperial and the financial statements of the funds are included in the basic financial statements of the City.

**Basis of Accounting**

The Local Transportation Funds – Non-Transit are accounted for using the modified accrual basis of accounting whereby revenues are recognized when they become both measurable and available to finance expenditures of the current period and expenditures are generally recognized when the related fund liabilities are incurred.

**Note 2 – Intergovernmental Allocations – TDA/LTF**

The City was allocated the following funds:

<u>Article</u>	<u>Fund</u>	<u>Section</u>	
3	LTF		\$ 19,000
8(a)	LTF	99400(A)	100,472
8(e)	LTF	99233.3	<u>1,619</u>
Total			<u>\$ 121,091</u>

**Note 3 – Internal Accounting Control**

As part of our audit, a study was performed of the City's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purpose of such evaluation is to establish a basis for reliance on the system of internal accounting control in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements. No material weaknesses in internal control were discovered.

**Note 4 – Prior Period Adjustments**

Prior period adjustments in the amount of \$(64,736) were made due to an understatement of accounts payable.

**City of Imperial**  
**Local Transportation Fund**  
**June 30, 2006**



# MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS:**

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## Independent Auditor's Report

City of Imperial  
Imperial, California

We have audited the financial statements of the Local Transportation Fund of the City of Imperial as of and for the fiscal year ended June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of the Local Transportation Fund of the City of Imperial as of June 30, 2006, and the results of its operations and its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was also conducted for the purpose of determining compliance with Transportation Development Act Section 99400, the California Administrative Code, and the rules and regulations of the Imperial Valley Association of Governments. In our audit, we performed to the extent applicable, the tasks contained in Section 6667 of the California Administrative Code.

In our opinion, the funds allocated and received by the Local Transportation Fund of the City of Imperial were expended and accounted for in conformance with the applicable laws, rules, and regulations of the Transportation Development Act, the California Administrative Code, and the allocation instructions of the Imperial Valley Association of Governments.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Beverly Hills, California  
December 12, 2008

CITY OF IMPERIAL  
LOCAL TRANSPORTATION FUND  
STATEMENT OF NET ASSETS  
June 30, 2006

Assets	
Cash	\$ <u>          -</u>
Total Assets	<u>                  </u>
Liabilities	
Accounts payable	5,416
Due to City of Imperial	<u>44,655</u>
Total Liabilities	<u>50,071</u>
Net Assets (deficit)	
Unrestricted	<u>(50,071)</u>
Total Net Assets (deficit)	<u>\$ (50,071)</u>

See accompanying statements to financial statements

CITY OF IMPERIAL  
 LOCAL TRANSPORTATION FUND  
 STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN NET ASSETS  
 For the Fiscal Year Ended June 30, 2006

Operating Revenues	
Fares and other fees	\$ 71,302
	<u>71,302</u>
Total Operating Revenues	<u>71,302</u>
Operating Expenses	
Purchased transportation services	70,793
	<u>70,793</u>
Total Operating Expenses	<u>70,793</u>
Change in Net Assets	<u>509</u>
Net Assets, (deficit) July 1, 2005	(51,478)
Prior Period Adjustment	<u>898</u>
Net Assets (Deficit), July 1, 2005, restated	<u>(50,580)</u>
Net Assets (Deficit), June 30, 2006	<u><u>\$ (50,071)</u></u>

See accompanying notes to financial statements

CITY OF IMPERIAL  
LOCAL TRANSPORTATION FUND  
STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2006

Cash Flows From Operating Activities	
Cash received from users	\$ 71,302
Cash payments to supplier and contractors	<u>(26,130)</u>
Net Cash Provided (Used) By Operating Activities	<u>45,172</u>
Cash and Cash Equivalents, June 30, 2005	<u>(45,172)</u>
Cash and Cash Equivalents, June 30, 2006	<u>\$ -</u>
Reconciliation to Statement of Net Assets	
Cash	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities:	
Operating income(loss)	\$ 509
Adjustments:	
Increase (decrease) in due to/due from	44,655
Increase (decrease) in accounts payable and accrued liabilities	<u>8</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 45,172</u>

See accompanying notes to financial statements



**City of Imperial**  
**Local Transportation Fund**  
**Notes to Financial Statements**  
**June 30, 2006**

**Note 1 – Summary of Significant Accounting Policies**

**Financial Reporting Entity**

The Local Transportation Fund is a special revenue fund of the City of Imperial and the financial statements of the fund are included in the basic financial statements of the City.

**Basis of Accounting**

The Local Transportation Fund is accounted for using the modified accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

**Amounts Due from Other Governments**

Generally, amounts due from other governments are recorded as revenues when received. However, when the expense of funds is the prime factor for determining eligibility for grants, revenue is accrued when the expenses have been incurred on an approved grant.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Local Transportation Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Note 2 – Transit Services Provided**

The City of Imperial (City) contracted with a local transit provider to provide a demand response transportation service for the general public within the City limits of Imperial, California.

**Note 3 – Internal Accounting Control**

As part of our audit, a study was performed of the City's system of internal accounting control to the extent considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purpose of such evaluation is to establish a basis for reliance on the system of internal accounting control in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements. No material weaknesses in internal control were discovered.

**Note 3 – Fare Revenue Ratios 2005-2006**

	Required Ratio	Actual Ratio
Fare revenues	0.20	1.01 <u>71,302</u> 70,793

**City of Imperial**  
**Local Transportation Fund**  
**Notes to Financial Statements**  
**June 30, 2006**

**Note 5 – Capital Reserves**

Pursuant to Section 6634, a transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant's capital and operating costs less the required fare, local support and the amount received during the year from a City or County to which the operator has provided service beyond its boundaries. Net excess at June 30, 2006 was:

	Operating Funds	
	2006	2005
TDA deferred excess revenue	\$ (50,580)	\$ 14,883
Revenue:		
Operating income	71,302	
Interest income		42
Total available	71,302	42
Less:		
Operating cost	70,793	66,403
Net TDA excess deferred revenue	<u>\$ (50,071)</u>	<u>\$ (51,478)</u>

Funds which have been drawn down by the City of Imperial can not be held in their own account for more than three years minus the time such monies lay reserved in the LTF. The City of Imperial is in compliance with the California Code of Regulations (CCR) section 6634.

**Note 6 – Prior Period Adjustment**

A prior period adjustment of \$898 was made due to an overstatement of accounts payable in the prior year financial statements.